



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

June 27, 2000

David Suhr
Idle Properties Manager
Hecla Mining Company
Box C-8000
6500 Mineral Drive
Coeur d'Alene, Idaho 83814-8788

Re: Response to Hecla's May 22, 2000 letter, Hecla Mining Company, Escalante Silver Mine, M/021/004, Iron County, Utah

Dear Mr. Suhr:

Thank you for the May 22, 2000, letter responding to our September 21, 1999 letter, which addressed your earlier request for a surety reduction at the Escalante Mine. After reviewing your letter, it is our opinion that we may be at an impasse. It is important that we schedule a meeting to resolve the outstanding issues and concerns that are preventing us from moving forward with this permitting action.

It is our position that the reclamation obligations remain with the mine permittee, Hecla Mining Company (Hecla), until such time that the mine permit is formally transferred to another operator, (e.g., Dixie Cable), or the proposed land use change is approved by the Division. Our agency was never a party to the sales agreement/contract between Hecla and Dixie Cable, therefore, we cannot recognize or enforce provisions and conditions which are part of that agreement. Hecla may have legal recourse to force Dixie Cable to perform under its signed sales contract, but we must hold the operator of record responsible for reclamation of the remaining mining-related disturbances.

With regard to your response to our September 21st review comments and conditions, we offer the following:

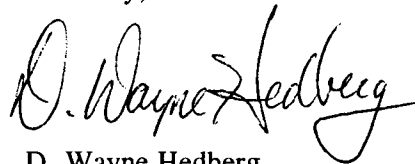
1. *A listing of other regulatory permits or clearances.* It is the permittee's responsibility to see that the Division receives the necessary justification and supporting information to enable us to evaluate the proposed land use change.
2. *Title and property ownership dispute.* We cannot approve a post mining land use change without having the consent of the land owner (i.e., the BLM?). Until the land ownership question is resolved, we cannot approve of the requested land use change. The Division has no jurisdiction to settle land ownership or title disputes.

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3. With regard to certain mining/milling related facilities and cleanup (removal of structures, thickener tank and plant wash down water, ore stockpile area, crusher pocket and pocket feeder), it is our position that the permittee is responsible for the requisite reclamation under the approved permit.
4. With regard to the reclamation of the waste rock pile, the Division has not characterized this material as a 'hazardous waste.' We have only used the reclamation description that has been referred to in the original Notice of Intention. It is our interpretation that under the original Notice this feature would ultimately be reclaimed (regraded, topsoiled and seeded). At the time the bond was recalculated (August 30, 1994), the Division had the understanding that the entire waste rock pile would be used in the construction of the capillary barrier of the tailings pond (i.e., no residual waste rock material would be left). This would have required only scarifying and seeding to complete the reclamation of this disturbed site, assuming the original topsoil wasn't salvaged from under the waste dump.

In conclusion, we would like to schedule a meeting with you to resolve these issues as soon as possible. We suggest that this meeting take place during the 2nd or 3rd week of July, 2000 in the Division offices. Please call me at (801) 538-5286, or Lynn Kunzler at (801) 538-5310 to finalize a workable date and time for this meeting.

Sincerely,



D. Wayne Hedberg,
Permit Supervisor
Minerals Program

jb
cc: Mary Ann Wright, DOGM
Lynn Kunzler, DOGM
Kurt Seel, AAG
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